Demand cuts Treasury's spare change

By Roger Boye

Treasury personnel have reduced a coinage glut in government vaults, thanks in part to increased demand for "hard money" in recent weeks.

For example, Uncle Sam has a 20-week supply of freshly minted Lincoln cents in storage, down significantly from the excess earlier this year. Still, the inventory is somewhat larger than officials would like, and storing the extra coins wastes tax dollars.

"We've had a lot of trouble gauging the needs of business for coinage; none of our forecasting methods has proven to be too accurate," said Eugene H. Essner, deputy director of the United States Mint.

Demand for coins from banks and businesses has grown this summer following a two-year decline. The pick-up might be due to heavier-than-expected tourism or to an improving economy, which has prompted people to spend more money, Essner said last month at the American Numismatic Association convention in Milwaukee.

Lower production numbers also have helped reduce surplus supplies. During the first six months of 1986, for example, federal mints churned out 6.5 billion coins for circulation, down 20 percent from the same period in 1985. Also, production for all of last year dropped 17 percent from 1984 totals.

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The Royal Canadian Mint still plans to introduce a new circulating $1 coin, most likely early next year, said Robert J. Huot, the mint's vice president of marketing.

"Transit authorities and banks are pressing us for the coin; we think it will work well," Huot said at a recent press conference in Milwaukee.

The 11-sided Canadian dollar will be made of pure nickel, plated with a bronze alloy containing copper and tin. Officials intend to withdraw paper $1 notes from circulation beginning in 1989, forcing Canadian citizens to use the new dollar in making change.

Each coin should last for 20 years in circulation while a paper dollar normally wears out in a year or less.